

**In the Matter Of:**

*Re CELSIUS NETWORK LLC, et al.*

---

*CHRISTOPHER FERRARO*

*November 21, 2022*

---



Confidential

Christopher Ferraro - November 21, 2022

1

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re: )  
 ) Chapter 11  
 )  
CELSIUS NETWORK LLC, et al. ) Case No. 22-10964  
 ) (MG)  
 )  
\_\_\_\_\_ )

CONFIDENTIAL

VIDEOCONFERENCE VIDEO-RECORDED DEPOSITION OF

CHRISTOPHER JAMES FERRARO

New York, New York

Monday, November 21, 2022

Reported Stenographically By:  
PATRICIA A. BIDONDE  
Registered Professional Reporter  
Realtime Certified Reporter  
JOB#: 2022-872581

Confidential

Christopher Ferraro - November 21, 2022

2

November 21, 2022  
9:09 a.m.

Confidential Videoconference

Video-Recorded Deposition of

CHRISTOPHER JAMES FERRARO, held at

the offices of Kirkland & Ellis LLP,

601 Lexington Avenue, New York, New

York, before Patricia A. Bidonde,

Stenographer, Registered

Professional Reporter, Realtime

Certified Reporter, Certified

eDepoze Court Reporter, Notary

Public of the States of New York,

New Jersey, and Connecticut.

Confidential

Christopher Ferraro - November 21, 2022

3

A P P E A R A N C E S

KIRKLAND & ELLIS LLP

Attorneys for Debtors Celsius Network LLC

1301 Pennsylvania Avenue, N.W.

Washington, D.C. 20004

BY: T.J. MCCARRICK, ESQ.

202-389-3136

tj.mccarrick@kirkland.com

BY: JOSEPH D' ANTONIO, ESQ.

202-389-3370

joseph.dantonio@kirkland.com

(Via Videoconference)

601 Lexington Avenue

New York, New York 10022

BY: ELIZABETH JONES, ESQ.

212-390-6935

elizabeth.jones@kirkland.com

Confidential

Christopher Ferraro - November 21, 2022

4

A P P E A R A N C E S (CONTINUED)

KIRKLAND & ELLIS LLP

Via Videoconference:

300 North LaSalle

Chicago, Illinois 60654

BY: GABRIELA ZAMFIR HENSLEY, ESQ.

312-862-4007

gabriela.zamfir@kirkland.com

BY: AMILA GOLIC, ESQ.

312-862-4488

amila.golic@kirkland.com

BY: CHRISTOPHER S. KOENIG, ESQ.

312-862-2372

chris.koenig@kirkland.com

BY: ROSS KWASTENIET, ESQ.

312-862-2069

ross.kwasteniet@kirkland.com

BY: DAN LATONA, ESQ.

312-862-3445

dan.latona@kirkland.com

Confidential

Christopher Ferraro - November 21, 2022

5

A P P E A R A N C E S (CONTINUED)

WHITE & CASE LLP

Attorneys for Official Committee of Unsecured  
Creditors

1221 Avenue of the Americas

New York, New York 10020-1095

BY: KATHRYN SUTHERLAND-SMITH, ESQ.

212-819-8437

kathryn.sutherland.smith@whitecase.com

Via Videoconference:

1221 Avenue of the Americas

New York, New York 10020-1095

BY: SAMUEL P. HERSHEY, ESQ.

212-819-2699

sam.hershey@whitecase.com

BY: ANDREA AMULIC, ESQ.

212-819-7061

andrea.amulic@whitecase.com

Southeast Financial Center

Miami, Florida 33131-2352

BY: KEITH H. WOFFORD, ESQ.

212-819-7595

kwofford@whitecase.com

Confidential

Christopher Ferraro - November 21, 2022

6

A P P E A R A N C E S (CONTINUED)

U.S. DEPARTMENT OF JUSTICE

Attorneys for Office of the United States

Trustee

950 Pennsylvania Avenue, NW

Washington, D.C. 20530-0001

BY: SHARA CORNELL, ESQ.

shara.cornell@usdoj.gov

BY: MARK BRUH, ESQ.

mark.bruh@usdoj.gov

NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

Attorneys for Coordinating States

1850 M Street NW

12th floor.

Washington, D.C. 20036

BY: KAREN CORDRY, ESQ.

202-326-6000

(Via Videoconference)

Confidential

Christopher Ferraro - November 21, 2022

7

A P P E A R A N C E S (CONTINUED)

TEXAS ATTORNEY GENERAL'S OFFICE

Office of the Attorney General

300 West 15th Street

Austin, Texas 78701

Via Videoconference:

BY: ABIGAIL R. RYAN, ESQ.

abigail.Ryan@oag.texas.gov

BY: LAYLA D. MILLIGAN, ESQ.

layla.Milligan@oag.texas.gov

BY: ROMA N. DESAI, ESQ.

roma.Desai@oag.texas.gov



Confidential

Christopher Ferraro - November 21, 2022

8

A P P E A R A N C E S (CONTINUED)

STATE OF VERMONT DEPARTMENT OF FINANCIAL  
REGULATION

Consumer Services

89 Main Street

Montpelier, Vermont 05620

BY: JENNIFER ROOD, ESQ.

(Via Videoconference)

FEDERAL TRADE COMMISSION

600 Pennsylvania Avenue, NW

Washington, D.C. 20580

BY: KATHERINE M. AIZPURU, ESQ.

202-326-2222

(Via Videoconference)

Confidential

Christopher Ferraro - November 21, 2022

9

A P P E A R A N C E S (CONTINUED)

MILBANK LLP

Attorneys for Series B Preferred Holders

1850 K Street, NW

Suite 1100

Washington, D.C. 20006

BY: MELANIE WESTOVER YANEZ, ESQ.

202-835-7560

mwyanez@milbank.com

BY: TRUMAN WHITNEY, ESQ.

202-835-7553

twhitney@milbank.com

TOGUT, SEGAL & SEGAL LLP

Attorneys for Ad Hoc Group of Custodial

Account Holders

One Penn Plaza

Suite 3335

New York, New York 10119

BY: JARED C. BORRIELLO, ESQ.

212-201-6571

jborriello@teamtogut.com

(Via Videoconference)

Confidential

Christopher Ferraro - November 21, 2022

10

A P P E A R A N C E S (CONTINUED)

VENABLE LLP

Attorneys for Igmatt Tuganuv

1290 Avenue of the Americas

20th Floor

New York, New York 10104

BY: ARIE PELED, ESQ.

212-503-0896

apeled@venable.com

(Via Videoconference)

WEIR GREENBLATT PIERCE LLP

Attorneys for Matthew Pinto

The Widener Building

1339 Chestnut Street

Suite 500

Philadelphia, Pennsylvania 19107

BY: CAROLINE BOJARSKI, ESQ.

cbojarski@wgpllp.com

(Via Videoconference)

Confidential

Christopher Ferraro - November 21, 2022

11

A P P E A R A N C E S (CONTINUED)

AKIN GUMP STRAUSS HAUER & FELD LLP

Via Videoconference:

2300 North Field Street

Suite 1800

Dallas, Texas 75201-2481

BY: MICHAEL STANLEY, ESQ.

214-969-4752

mstanley@akingump.com

One Bryant Park

Bank of America Tower

New York, New York 10036-6745

BY: MITCHELL P. HURLEY, ESQ.

212-872-1011

mhurley@akingump.com

Confidential

Christopher Ferraro - November 21, 2022

12

A P P E A R A N C E S (CONTINUED)

MCCARTER & ENGLISH, LLP

Attorneys for Certain Borrowers

Worldwide Plaza

825 Eighth Avenue

31st Floor

New York, New York 10019

BY: DAVID ADLER, ESQ.

212-609-6847

dadler@mccarter.com

(Via Videoconference)

THE GORDON LAW FIRM LLP

Pro se creditor

57 River Street

Suite 206

Wellesley, Massachusetts 02481

BY: TODD GORDON, ESQ.

617-261-0100

tgordon@gordonfirm.com

(Via Videoconference)

Confidential

Christopher Ferraro - November 21, 2022

13

A P P E A R A N C E S (CONTINUED)

PRO SE CREDITORS VIA VIDEOCONFERENCE:

CAMERON CREWS

KULPREET KHANUJA

IMMANUEL HERRMANN

NICOLE BARSTOW

JARNO OBERG

JEREMY COHEN HOFFING

VICTOR UBIERNA DE LAS HERAS

DANIEL FRISHBERG

THOMAS DIFIORE, UCC Co-Chair

MICHAEL MORRIS

MIKE G

ALSO PRESENT:

CHRISTIAN BIDONDE, Legal Video Specialist

Via Videoconference:

AYDALINE GARCIA, Zoom Tech

- - -

Confidential

Christopher Ferraro - November 21, 2022

14

IT IS HEREBY STIPULATED AND  
AGREED, by and between the attorneys  
for the respective parties, that all  
objections, except as to the form of  
the questions, shall be reserved to  
the time of the trial.

IT IS FURTHER STIPULATED AND  
AGREED that the within examination  
may be signed and sworn to before  
any Notary Public with the same  
force and effect as if signed and  
sworn to before the court.

IT IS FURTHER STIPULATED AND  
AGREED that the filing of the  
original transcript of the  
examination is waived.

Confidential

Christopher Ferraro - November 21, 2022

15

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

- - -  
P R O C E E D I N G S  
- - -

THE VIDEOGRAPHER: We are now  
on the record. The time is  
9:09 a.m. on November 21, 2022.  
Audio and video recording will  
continue to take place until all  
parties agree to go off the record.  
Please note that microphones are  
sensitive and may pick up whispering  
and private conversations.

This is the video-recorded  
deposition of Christopher Ferraro in  
the matter of In re Celsius Network,  
et al. This deposition is being  
held at Kirkland & Ellis, New York,  
New York.

My name is Christian Bidonde.  
I am the legal video specialist. On  
behalf of Lexitas. The certified  
stenographer is Patricia Bidonde on  
behalf of Lexitas.

Counsel will state their



Confidential

Christopher Ferraro - November 21, 2022

16

appearances for the record and all those parties on Zoom, except for those speaking, will be noted for the record. Then the certified stenographer will swear in the witness.

MR. HERSHEY: Sam Hershey from White & Case on behalf of the official committee of unsecured creditors.

MR. WOFFORD: You also have Keith Wofford from White & Case on behalf of the official committee.

MR. McCARRICK: T.J. McCarrick, Kirkland & Ellis, on behalf of the debtors.

MS. CORNELL: You have Shara Cornell on behalf of the office of the United States Trustee and Mark Bruh.

MR. CREWS: Cameron Crews, pro se creditor.

MR. HERRMANN: Immanual Herrmann, pro se creditor.

Confidential

Christopher Ferraro - November 21, 2022

17

MR. ADLER: David Adler from  
McCarter English on behalf of  
certain borrowers. Can everyone  
hear me?

THE VIDEOGRAPHER: Yes.

MR. ADLER: Thank you.

MS. WESTOVER YANEZ: Melanie  
Westover Yanez from Milbank for  
Series B Preferred Holders.

MS. SUTHERLAND-SMITH: Kathryn  
Sutherland-Smith of White & Case for  
the Official Committee of Unsecured  
Creditors.

MS. JONES: Elizabeth Jones of  
Kirkland & Ellis on behalf of the  
debtors.

C H R I S T O P H E R F E R R A R O, called  
as a witness, having been duly sworn by  
a Notary Public, was examined and  
testified as follows:

EXAMINATION BY

MR. HERSHEY:

Q. Okay. Good morning, Mr. Ferraro.

My name is --

Confidential

Christopher Ferraro - November 21, 2022

95

1 C. Ferraro - Confidential

2 Q. Approx- --

3 A. -- specs -- invested.

4 Q. Approximately 1.8 billion of it?

5 A. Yeah. I -- there was uses of the  
6 stablecoin, and clearly most of it got used to  
7 pay for operations, for lending, for the  
8 mining asset, certain -- certain losses that  
9 we had to take that we took. We had to go  
10 back and buy cryptocurrencies -- right? --  
11 with stablecoins.

12 So, yeah, there was many purposes  
13 that stablecoins were used for. Some were  
14 operations, some were to buy back coins that  
15 were actual losses, and some was mining  
16 assets, lending programs, et cetera.

17 Q. So you listed a few things that  
18 the stablecoin went to. Do you know the  
19 amount of stablecoin that was dedicated to  
20 each of those things?

21 A. Well, I think it's pretty safe to  
22 say that predominantly the entire mining  
23 asset, so call it almost 600 million.  
24 Predominantly the entire retail lending book,  
25 call it another 400-and-something million.

Confidential

Christopher Ferraro - November 21, 2022

96

1 C. Ferraro - Confidential

2 You're at a billion.

3 There was operating expenses for  
4 2021 and 2022 that totaled, off of memory,  
5 about a half a billion.

6 And then you had certain  
7 currency -- cryptocurrencies that we had to go  
8 back and buy because there was losses. Think  
9 EFH. So that's how you get to the 1.8 to 2  
10 billion.

11 Q. Okay. So just -- so sticking with  
12 your math. So mining, lending, and  
13 operations, you said 600 for mining, 400 for  
14 lending, 500 for operations. That totals  
15 1.5 billion. Right?

16 A. Yeah.

17 Q. So would the loss that you just  
18 described be 300 million in your estimation?

19 A. Losses in which we had to go back  
20 and purchase cryptocurrencies for the accounts  
21 so we didn't have a directional position. I  
22 don't have that number off the top of my head,  
23 but, yeah, it was in that range.

24 Q. Can you explain that a little more  
25 of losses for which you had to go back and --

Confidential

Christopher Ferraro - November 21, 2022

97

1 C. Ferraro - Confidential

2 A. Well, let's say --

3 Q. -- purchase cryptocurrency?

4 A. Yeah. Let's say, for example,  
5 EFH. We -- we borrowed money from EFH, and I  
6 believe this dates back to 2020. Right? We  
7 lent money -- we borrowed money from EFH, and  
8 we posted Bitcoin and ETH as collateral.

9 When we went to pay down the loan  
10 with EFH, they said, We don't have your  
11 collateral. So now we thought we had an asset  
12 of Bitcoin -- right? -- and now we don't. So  
13 we had to use stablecoins to go out and buy  
14 Bitcoin so that our risk positions would be  
15 neutralized.

16 Q. Understood. Okay. All right.  
17 This may retread some of the ground we've just  
18 gone over. Let's turn to paragraph 26 of your  
19 declaration.

20 A. Of my declaration. Okay.

21 Yes, sir. I'm there.

22 Q. And, actually, before we get  
23 there, just one quick question: Is Celsius  
24 able to trace stablecoins in its possession to  
25 specific transfers made by account holders?

Confidential

Christopher Ferraro - November 21, 2022

364

1 C. Ferraro - Confidential

2 this is not an activity that I'm involved in  
3 or would condone.

4 If it's happening, I don't know  
5 about it and it will stop, sir. Unless  
6 there's a good reason for it, it should not go  
7 on. I do not know of any editing that's  
8 happening right now with videos.

9 MR. McCARRICK: Object to --

10 Q. Excellent. I do not either, to be  
11 clear, at the moment. I know there's been a  
12 lot of it, and maybe even including as you  
13 transitioned into the role, which is not  
14 saying you oversaw it or knew.

15 But I think it has been going on  
16 and it may still be going on. I don't know.  
17 But I'll leave it at that. Thank you for  
18 stating that you don't support that.

19 So from the time you've been CFO  
20 and just during your time at Celsius, in the  
21 ordinary course of business, did Celsius pass  
22 on 80 percent of its gross revenue to account  
23 holders in the form of rewards?

24 MR. McCARRICK: Object --

25 Q. There were definitely statements

Confidential

Christopher Ferraro - November 21, 2022

365

1 C. Ferraro - Confidential

2 about that, so I just want to ask if that was  
3 true.

4 MR. McCARRICK: Okay. Object  
5 to form. Again, this was carved  
6 out. We didn't respond to this  
7 written deposition question.

8 We'll let you respond to it  
9 here if you have personal knowledge.

10 If you don't, you should say so.

11 A. Yeah, my understanding is that  
12 they targeted a payout at 80 percent, but in  
13 reality, because the deployment didn't return  
14 the income that was expected, it was actually  
15 above 80 percent.

16 Q. It was above 80 percent, that's  
17 your understanding?

18 A. Yeah, the pay out ratio was above  
19 80 percent. I know this through the budgeting  
20 exercise that I worked on.

21 I will say this: I grew up in an  
22 industry where you don't price to things like  
23 80 percent. You look at the risk-based return  
24 on risk-based capital, and you accrete value  
25 based on upon making the right decisions.

Confidential

Christopher Ferraro - November 21, 2022

366

1 C. Ferraro - Confidential

2 So I would not support, nor would  
3 I go out in a new company saying 80 percent or  
4 anything like that. I would -- I would do my  
5 best to earn a reasonable market-based return  
6 on the capital and manage the risk.

7 Q. All right. Do any retail or  
8 institutional borrowers who had stablecoin  
9 loans from Celsius still have these cash loans  
10 in their possession?

11 MR. McCARRICK: Object to the  
12 form. Outside the scope.

13 You can answer, Mr. Ferraro.

14 A. If I understand the question  
15 correctly, outstanding loans, do customers  
16 still have the fiat or the stablecoins?

17 Q. Yeah.

18 A. I think that's based upon their  
19 spending habits and what they wanted to do  
20 with the money. I don't know what customers  
21 do with the money that we give them, whether  
22 it's in stables or whether it's in fiat.

23 They could have bought a car.  
24 They could have paid off bills. They could  
25 have gone on a vacation. Honestly, I don't